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21 July 1972

MEMORANDUM

SUBJECT: Political Factors Bearing on Soviet
Participation in the IMF

As a possible guide to Soviet behavior in the IMF, we have attempted below to characterize Soviet behavior in other international organizations. We also suggest that the possibility of Russian participation in the IMF should be viewed, not only in terms of net economic advantage for East or West, but also--if and when Moscow should make known a desire for such participation--in terms of the emerging politics of international economic relations.

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No change in the Soviet attitude toward the IMF was evident, either, at this spring's UNCTAD meeting in Santiago. The resolutions supported by the West and the LDCs that advocated the IMF as a central forum for negotiating reform of the international monetary system were opposed--unsuccessfully--by the USSR and the East European Communist countries. These states favored instead the participation of all countries in such

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negotiations under UN auspices. As it is conclusively demonstrated that the IMF will in fact be the locus for such discussions, it is possible the Soviets may re-evaluate their position. Among other considerations, they might recognize that, without membership, they are in no position to back up LDC demands for a link between IMF allocation of Special Drawing Rights and their use for development financing.

General Considerations

The Soviet view of the UN and of the international organizations that were formed after it was never so positive as the West had hoped it would be. In 1972, as in 1945, the Soviets believe that such organizations cannot be effective in the absence of great power unity and collaboration. Their rule of conduct has been to show a spirit of cooperation and conciliation only to the extent that Soviet interests are being served. Moscow has not been, and is not, reluctant to use an organization as a propaganda forum to exploit grievances against the US or its allies--or the Chinese.

Soviet interest in membership in virtually any international body reflects three general considerations:

(1) The Soviets seek to join in order not to be on the outside and thus less able to protect and advance their interests. They join because they consider it fitting and necessary for the USSR as a great power to be involved.

(2) They join to obtain propaganda and political advantages. Their behavior in any organization is dictated largely by the opportunities for obtaining such advantages. The extent to which they are cooperative thus depends in large measure on the coincidence of Soviet interests with those of the other participants. When positive actions by the USSR contribute to concrete accomplishments, these are accompanied by self-congratulatory propaganda. Even in the best of circumstances, propaganda and

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international cooperation by the Soviets go hand in hand.

(3) Perhaps of least importance, the Soviets participate in international organizations to obtain concrete benefits. When the advantages to the Soviet Union of an agreement or a negotiation outweigh the advantages of obstruction, the Soviets will cooperate. But they will obstruct or boycott even the most worthwhile negotiations or meetings should the political advantages of doing so seem sufficiently attractive.

The more specific and technical the work of an organization, the less likely is Soviet obstruction---although the risk of this is always there. The growing Soviet interest in detente with the West may in time encourage Moscow to de-emphasize petty political maneuvering and concentrate instead on the political, propaganda, and substantive benefits of playing a major role in reaching agreements or in negotiating solutions to specific problems. Nevertheless, a willingness to compromise on issues in which important Soviet interests could be adversely affected seems difficult to imagine.

The Experience Record

That Moscow is not motivated in its approach to international organization by any idealistic commitment to the merits of cooperation is best demonstrated by its performance in the UN. They have not always withheld that cooperation, as, for example, in the Geneva disarmament negotiations. On a number of occasions, moreover, the Soviets have acted in close harmony with the US and have seemed to put great faith and trust in the ability and the necessity of the two superpowers' working together in a kind of shared world dominion. These instances, however, are far outweighed by the long record of deliberate and self-interested obstruction, exploitation of UN forums for propaganda objectives, and unrestrained use of the veto to paralyze its machinery. Moscow's concept of the future role of the UN---and of all international organizations---is strictly a minimalist one.

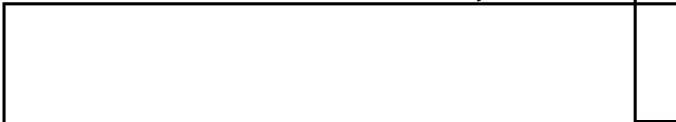
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The record, however, also shows--as noted above--instances in which Moscow has discerned and accepted that there are specific advantages to be gained from international agencies. The Soviets decided in late 1970, for example, to join the International Civil Aviation Organization (ICAO) largely because they, too, were concerned about the growing menace of skyjacking which this multilateral forum was dealing with. Even here, however, the Russians have been resisting provisions which would assure effective international enforcement of the relevant conventions, as opposed to bilateral agreements, to achieve their implementation.

The Soviet record in the IAEA is also mixed. Although Moscow has worked hard to promote IAEA policing of safeguards under the non-proliferation treaty, it has retarded progress toward international supervision of peaceful nuclear explosions, the control of which the Soviets would still like to retain in national hands. In the 26-nation Conference of the Committee on Disarmament (CCD) in Geneva, the Soviet delegation has been a hard bargainer, and its stubborn opposition to international inspection has been the chief obstacle to an agreement on a comprehensive nuclear test-ban treaty. It has always treated the CCD as a valued forum, however



The Soviet Interest in the IMF

There is no reason to think that the Russians would join the IMF in order to make it more effective as an international organization. Rather, the decision would be based on a combination of (1) immediate economic interest--largely, the increased availability of financial facilities, and (2) some judgment that since international economic relations are rapidly becoming so central to international relations in general, continued isolation could be risky--especially so when monetary and trade rules are being reformulated.

Unless the Soviet Union were granted exceptional status--thus considerably weakening the IMF system at the outset--the

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costs of membership, both material and in terms of outside scrutiny, would be heavy. Insofar as a decision to apply for membership would reflect acceptance of these costs, one might speculate that Moscow's decision was motivated principally by the desire to take advantage of the changing international monetary scene. Whatever future shape the IMF takes, it is clear that the relative weight of the US will be less than it has been throughout the postwar era; that Western Europe's role will be greater and may, indeed, be an organized bloc; and that monetary decisions will be increasingly considered along with decisions on trade policy. Besides permitting the Soviet Union to take a hand in this more fluid situation, IMF membership would--for a time at least--make the Russians "one up" on China.

The opportunities for political maneuvering which this picture conjures up suggest that overly sanguine expectations about Russian performance in the IMF would be risky. This negative judgment, however, might be somewhat tempered were there new indications of serious Soviet interest in the IMF--simply because a real intention to join would be such a radical departure for the USSR. In such event, how the Soviets would behave as members would depend a good deal on the conditions negotiated for Russian adherence. As the system works presently, it is a combination of theoretically rigid obligations and--increasingly--violation of the rules in practice. We can only assume that Moscow would seek to take advantage of any "flexibility" that the membership as a whole permitted. To judge by its past performance, the USSR would seem likely to play a "Gaullist" role in IMF councils--exploiting the organization for whatever leverage it would lend to advance Moscow's international aims while resisting any moves toward enhancing the organization's autonomous authority.

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